

Targeted Market Conduct Examination Report

PEOPLE'S TRUST INSURANCE COMPANY

NAIC Company Code: 13125

Issued: March 1, 2024



Table of Contents

Executive Summary	2
Purpose and Scope of the Examination	2
Examination Procedures	2
Company Profile	2
Examination Findings	3
Conclusion	4
Examination Final Report Submission	4

Executive Summary

The Florida Office of Insurance Regulation (“OIR”) performed a targeted market conduct examination of People’s Trust Insurance Company (“People’s Trust” or “Company”) pursuant to Section 624.3161, Florida Statutes (“F.S.”).

Purpose and Scope of the Examination

OIR has primary responsibility for the regulation, compliance and enforcement of statutes related to the business of insurance and the monitoring of industry markets. Due to this responsibility, OIR conducted a targeted market conduct examination of People’s Trust pursuant to Section 624.3161, F.S. The purpose of a market conduct examination is to review an insurer’s operating practices to determine if they comply with the Florida Insurance Code, rules related to the business of insurance, procedures adopted by the Company, the provisions contained within a contract of insurance issued by the Company or orders issued by OIR. A common element of all market conduct examinations is to evaluate an insurer’s business practices promoting the protection of insurance-buying consumers and to hold insurers accountable when issues or violations are identified.

This examination was initiated to review and evaluate People’s Trust’s Hurricane Ian claims-handling operations. The examination scope period was from September 28, 2022, to February 28, 2023. The examination was performed by members of OIR’s Market Regulation business unit. The examination began March 3, 2023, and ended November 20, 2023. The last market conduct examination of People’s Trust was completed on February 5, 2016.

Examination Procedures

The conduct of this examination and the procedures, statistical sampling and examination processes used were consistent with and in accordance with those standards and procedures contained in the *Market Regulation Handbook* promulgated by the National Association of Insurance Commissioners (“NAIC”). The NAIC standards for statistical sampling of claims often results in the review of approximately 100 randomly sampled claims files. Marginal increases or decreases in sample sizes would not be expected to significantly change the results of the Findings contained within this report.

In preparation for the examination, People’s Trust was requested to provide the total number, or universe, of Hurricane Ian claims reported with a Florida exposure during the examination’s scope period.

Company Profile

People’s Trust Insurance Company is a domestic property and casualty insurer authorized to conduct business in Florida on March 6, 2008. The Company is authorized to write fire, allied lines, homeowners multi-peril, other liability, private passenger auto, and mobile home multi-peril lines of business.

Examination Findings

The following Findings are compiled from the examiners' review of People's Trust's Hurricane Ian claims.

Hurricane Ian Claims

The review of People's Trust's Hurricane Ian claims files was conducted in accordance with the language contained in the Company's Preferred Contractor Endorsement ("Endorsement") approved by OIR on February 16, 2022. In exchange for a premium discount, policyholders may elect to add the Endorsement when applying for a policy. Following a hurricane and within 60 days after inspecting the loss, People's Trust, at its option, provides policyholders with written notice of the Company's election to repair the damaged property.

To facilitate a thorough review of People's Trust's claims files, the claims universe was divided into two categories: claims closed with payment, and claims closed without payment. For purposes of this examination, the selection of claims reviewed for each of the categories was defined as follows:

- **Claims Closed With Payment:** The first or initial Hurricane Ian claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed with payment during the examination's scope period. People's Trust identified a universe of 4,666 residential property claims that were closed with payment during the examination scope period. A random sample of 60 claims was selected and reviewed by the examiners.
- **Claims Closed Without Payment:** The first or initial Hurricane Ian claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed without payment for any reason during the examination's scope period. People's Trust identified a universe of 2,863 residential property claims that were closed without payment during the examination scope period. A random sample of 60 claims was selected and reviewed by the examiners.

The underlying policies for all claims reviewed during the examination contained the Preferred Contractor Endorsement resulting in zero instances of reopened or supplemental claims.

Finding 1: The examiners determined that in four instances out of 120 claims reviewed, an error rate 3.3%, People's Trust did not acknowledge receipt of claims communications within 14 calendar days, as required by Section 627.70131(1)(a), F.S. (2022).¹

Finding 2: The examiners determined that in five instances out of 120 claims reviewed, an error rate of 4.2%, People's Trust did not pay or deny the claims within 90 days, as required by Section 627.70131(7)(a), F.S.

¹ Section 627.70131, Florida Statutes (2023), has reduced 14-day timeframes to 7 days, the 45-day timeframe to 30 days and the 90-day time frame to 60 days. Other additions and deletions were also made to the law.

Conclusion

This targeted market conduct examination of People's Trust Insurance Company was designed to review and evaluate the Company's Hurricane Ian claims-handling operations. It does not document what regulatory or administrative action may be taken by OIR.

Examination Final Report Submission

OIR hereby issues this final report based upon information from the draft report, additional research conducted by OIR, and additional information provided by People's Trust Insurance Company.



www.FLOIR.com

J. Edwin Larson Building
200 E. Gaines Street
Tallahassee, Florida 32399
Phone: (850) 413-3140